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# Environmental communications: The reader's perspective

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**Abstract:** Connecting reception theory and social semiotics, this article offers a framework for the analysis of hortatory texts. An illustrative case uses the pronouncements of environmental regulators, with the reader group represented by a sample of executives in financial institutions. Although the participants thought the texts important, none had found any use for them. It is unlikely that financial institutions en masse will address environmental issues before and until communicators frame their material in terms of customary financial discourse and investors' dominant cognitive rationalities. The depth of insights gained suggests wider application of the framework to a range of hortatory texts and authoritative reader groups.

**Keywords:** social semiotics, reception theory, financial institutions, environmental regulation, rationalities, frames

## 1 Introduction

This article offers a social semiotics framework that facilitates identification of the ways that authoritative reader groups understand hortatory texts. Rather than treating readers as passive recipients of texts, this article treats readers as having some authority and thus as contributing to the settled meanings of hortatory texts. The approach bridges audience studies, which recognizes the presence of the reader in communication situations, and social semiotics, which recognizes readers as both producing and being produced by the social system.

An illustrative case is provided using a judgmental sample of authoritative readers of two types of hortatory communications. Selected senior executives at pension schemes, investment banks, mutual funds, advisory firms and professional societies located in the US, Europe, Japan, and Australia, all of whom have claimed to be interested in environmental issues, are asked to

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discuss how they understand and interpret two types of texts issued between 2002 and 2010, the latter being the time of the study. The first group of texts is “environmental performance reports”, all of which are in the public domain and issued by certain nonstate associations and concerning companies listed on the world’s major stock exchanges. The second is environmental regulations and associated pronouncements issued by governmental agencies. In the usual case, these documents invite financial institutions to take account of environmental matters in their lending and investing decisions – without, however, articulating how that might actually be achieved. It was expected that financial institutions would discount the documents as, typically, this material does not appeal to financiers’ everyday concerns of liquidity, profitability, market momentum, and fiduciary obligations. Standard financial investment theory predicts that financial institutions will dismiss information that they expect will not affect their financial stakes.

Unexpectedly, participants’ attitudes towards the material are various and ambiguous, with responses ranging from endorsement to rejection and on occasion both. As expected, however, none had found much use for either type of communications. The communications considered here can be characterized by a notion that sustainable development is best supported by the creation of new financial technologies such as carbon emissions permits markets (Haigh 2011). However, the everyday rationalities of financial markets are opportunism (in the sense of taking cash windfalls where available), economic growth, and investment risk – rationalities that are either absent or superficially present in environmental regulation. Financiers and investors, of course, are not averse to economic growth and new financial markets, but a common framing element between the financial community and environmental communicators is found wanting. For so long as this particular cognitive framing gap exists, it can be expected that financial institutions will remain equivocal towards environmental regulation and the associated performance of companies in which they are invested. More generally, the range and depth of insights gained suggest that a social semiotics approach is suited to analysis of a range of hortatory texts and a range of authoritative reader groups.

The article is structured as follows. The next section uses three sub-sections to describe the motivation for the study, the public discourse of the environment, and the study’s design. The empirical material is then presented in two sections according to communications that have been issued by certain special-interest associations and environmental regulators, respectively. A closing section presents a summary analysis.

## 2 Motivation and approach

Several lacunae motivate the present study. A complex investigation into the communication situation of regulation should aim to capture the strategies between participants in that discourse (e.g., Hart and Nisbet 2012) as well as identify the “framing gaps” between readers and communicators (Lakoff 2010). Investigation of communications between financial institutions and regulators is warranted by findings that actors in financial institutions make use of messy, “real-world” communications (see, Roberts et al. 2006). Such findings challenge standard financial theory that holds that financial institutions should be concerned only with the variability of economic returns at the level of the entire portfolio (see, Sharpe 1992). There is, moreover, a practical motivation for this study. The take-up of environmental regulation by the world’s heaviest-polluting companies is influenced by the ways that their majority owners (institutions such as pension funds and insurance companies [Peters 2011]) recognize environmental considerations in their lending and investing decisions (Richardson 2011).

### 2.1 Analytical approach

The analytical approach derives in the first place from an assumption in audience studies that communication analysis is properly directed towards appreciating what the text may mean to a reader. That assumption is heightened in the case of groups of readers that, by virtue of the powerful social positions they occupy, have the power to shape discourses and “settle” the prevailing meanings of hortatory mass-communications. The late British cultural theorist Stuart Hall (Hall et al. 1978) called these authoritative types of readers “primary definers.” We have presumed that the way that financial institutions construe the public discourse of the environment will bear on the take-up of environmental regulation. Hence, we are minded to characterize financial institutions as primary definers of environmental communications.

Stuart Hall suggested that readers’ particular constructions of texts, which he called “reading positions,” can shed light on the prevailing meanings of hortatory texts. The basic premise of reception theory and reader-positioning theory is this: a reader initially understands a given text by wholly or partially accepting that text’s “preferred” reading (Wren-Lewis 1983: 184) or “dominant code.” The dominant code of the text, which amounts to the authorial intention of the text, can be identified by reference to the concepts and ideologies it contains. Hall suggested two extreme reading positions and one other falling between: a *confirmatory reading* that occurs where a reader unconditionally approves of a text’s dominant code, or where the reader reproduces or amplifies its dominant code; an *oppositional reading* that occurs

when a reader dismisses the text outright or dismisses its dominant code; and a *negotiated reading* that would indicate the reader's conditional acceptance of a text. In the latter case, the reader may call for modifications to the text rather than reject it outright (Hall 1980: 137).

We claim that the obvious difficulty of determining a reading position solely by reference to the statements a reader may make about a text can be addressed by having attention to the context in which texts are read. In this regard, we have recourse to social semiotics. We recognize that the cultural, institutional, and organizational contexts of communications act as filters that influence readers. In systemic functional linguistics, the social context of speech, or its “social semiotic,” can be described in three aspects: *tenor*, *field*, and *mode* (Halliday 1978).

- The *tenor* of the relations between readers and texts shapes readers' needs. An example of *tenor* is the reader's need for clarity of communication.
- The *field* of social process refers to what is going on at the time the text is read. An example of *field* is the readers' occupational use of a particular text.
- *Mode* refers to how a reader understands a text in terms of the discourse in which it appears. Of these three aspects of context, *mode* is the closest to the “dominant code” concept (already described above), as *mode* focuses on readers' cognitive frames (Lakoff 2010). An investment-banking cognitive frame around environmental communications, for example, would contain the semantic roles of Chief Investment Officer, Board of Trustees, Analyst, Portfolio, Investment Risk, and Information. Understanding an investment-banking frame would involve identifying how these roles interact and how they relate to the meanings and values that prevail in financial markets.

The financial markets represent one of the two sources of environmental communications of interest in this article. Several nonstate associations claiming to represent the interests of financial institutions have issued hundreds of documents since 2002 (see, Haigh 2011) that comment on the “environmental performance” levels of public companies listed on the world's major securities exchanges. A second source of environmental communications is regulatory agencies. Environmental regulation is a coercive regime in which regulated entities are encouraged to self-regulate, self-assess and, generally, to act responsibly with a market system. Regulators' communications consist of preambles to legislation and decisions, consultation papers, review papers, information bulletins, interpretations, and various sets of “guidelines.” The efficacy of environmental regulations such as investment grants, taxation concessions, certificates attaching to real property, consumption incentives, and tradable polluting

permits systems depends on the circulation of hortatory language. Given the coercive nature of the environmental regulation regime, it is not surprising that much of regulators’ communications is hortatory. Communications from non-state special-interest associations<sup>1</sup> and regulators form the object of this study. Table 1 below provides a selective list of regulators’ communications issued in Europe, the US, Japan, and Australia.

**Table 1:** Selected regulators’ communications.

Regulator	Communication
European Commission	Communication, An energy policy for Europe [COM (2007) 1 final]
	Communication, Corporate social responsibility – a business contribution to sustainable development [COM (2002) 347 final]
	Decision 2007/589/EC of 18 July 2007 establishing guidelines for the monitoring and reporting of greenhouse gas emissions
	Directive 2004/101/EC establishing a scheme for greenhouse gas emission allowance trading
	Directive 2004/35/EC on environmental liability with regard to the prevention and remedying of environmental damage
	Directorate-General of the Environment, 2009, Environment policy review part 1
United Kingdom	Carbon Reduction Commitment Energy Efficiency Scheme
	Department for Environment, Food and Rural Affairs, Guidelines on greenhouse gases emissions reporting, 2010
US	Environmental Reporting Authority Interpretive Bulletin 29 CFR 2509.94–2 relating to written statements of investment policy
	Securities and Exchange Commission, Guidance Regarding Disclosure Related to Climate Change, Release Nos. 33–9106; 34–61469; FR-82
	Securities and Exchange Commission, Compliance & Disclosure Interpretation of Regulation S-K of 17 CFR (Part 210) Governing Material Information
	Informing on the Statutory Financial Filings Made by US Companies
Japan	Greenhouse Gas Accounting and Reporting System and Voluntary Emissions Trading Scheme, 2007
Australia	Australian Securities and Exchange Commission, Guidance on disclosure about labour standards and environmental, social and ethical considerations in (investment) product disclosure statements, 2003
	National Greenhouse and Energy Reporting Regulations, 2008

<sup>1</sup> The Carbon Disclosure Project; the Coalition for Environmentally Responsible Economies (US); the Institutional Investors Group on Climate Change (based in Europe); the Investor Group on Climate Change (Australasia); and the Investor Network on Climate Risk (US).

## 2.3 The environment discourse

Our focus on the salience of the institutional and social contexts in which material is read warrants at this point an outline of the public discourse of the environment. According to a book-length discussion found in Kysar (2010), environmental regulation can be characterized along four concepts: financialization, ecological modernization, sustainable development, and a risk management approach that refers to a “balancing” of costs and benefits. Each of these concepts is sketched in what follows immediately below.

*Financialization* is a finance-led growth regime that appeared in the late 1970s with the deregulation of international trade and the global integration of stock and capital markets (Kysar 2010: 5–7). An example of financialization is the construction of elaborate financial architecture as environmental regulators’ preferred approach.

*Ecological modernization* is a rationalist calculus that stems from three ideas: that industrial activity has systematically harmful effects on native ecological subsystems; that modifying industrial activity can arrest those harmful effects; and that all natural ecosystems have the potential to be given an economic value (Everett and Neu 2000). According to Kysar (2010), ecological modernization has driven the design of environmental regulation since the United Nations issued the Rio Declaration on Environment and Development in 1992.

The idea that ecological problems can be solved by redesigning industrial activity lends validity to the concept of *sustainable development*. The principal techniques of sustainable development are an increasingly efficient use of factor inputs in globalized product and financial markets and greater available amounts of financial capital achieved through the investment function. One might imagine that financial institutions looking to allocate funds towards assets promising future cash dividends and that might be sold for cash surpluses would find appealing the sustainable development concept, as its efficiency aspect caters for liquidity and its investment logic promotes market growth.

A fourth rubric in environmental regulation is the “*precautionary principle*,” a concept once frequently seen in environmental regulators’ communications but today much less so (Turner and Hartzell 2004). Instance is mention of the precautionary principle in the environmental protection article of the European Union (Art. 191, Commission of the European Communities 2010). According to the precautionary principle, environmental risk is best represented using a comparison of expected short-run economic costs and benefits (Kysar 2010: 9; also see, European Environment Agency 2013).

Commonly, financial institutions manage investment portfolios using a cost/benefit logic, and so it might be expected that financial institutions would use

the logics of financialization, ecological modernization, sustainable development, and risk management to understand environmental issues, regulation, and associated narratives.

## 2.4 Case design

A judgmental sample of readers is drawn from a group of pension funds, insurance schemes, investment banks, advisory firms, and professional societies located in the US, Europe, Japan, and Australia, all of which have claimed to be interested in environmental issues. The individuals participating in this study can be treated as primary definers on the bases that they occupy relatively powerful social positions by virtue of their organizational positions and that they have personal histories of being outspoken with regards to environmental communications.

Thirty interviewees were obtained for this study. Interviewees were asked to discuss environmental narratives (the set of which is described above) and material issued by environmental regulators between 2002 and 2010. All interviews were conducted between May and August of 2010. Arrangements were made for sixteen face-to-face interviews; the remaining interviews were made by telephone. Interviewees are located in Europe (15), US (10), Australia (4), and Japan (1).

Following a data-filtering process, forty-two interview extracts are selected as a representative database. One in two participants carry investment management responsibilities. Just over one in three (37 per cent) are analysts, that is, are engaged or employed by financial institutions to provide assessments of “investable” assets.

Analysis of interview data proceeds by noting the general characteristics of interview extracts and what appears as a general pattern in the data. The reading position concept is operationalized by identifying for each interview extract a point on a spectrum that has approval and disapproval as its end-points. These points are initially identified by observing speakers’ positive and negative connotations (tones of voice, pauses and interjections, and so on).

Several techniques are then used to confirm or disconfirm the initially identified reading positions, as follows. Interviewees’ positive self-definitions are identified by marking in the data where specific ways of acting are validated or are presented as self-evident. Attention is directed to lexical emphasis, in particular, pronoun shift, as this may indicate speakers’ advocacy of particular perspectives and resistance to the role that a particular communication situation imposes (Adams and Harré 2001). Shifters, referring to changes in voice and tone of verbal data, can function differently in a given communication situation but



have one aspect in common: they work to change the meaning of text. Using shifters in indirect speech allows the speaker to comment on what has been said.

Additional techniques are a distancing exercise and identification of contextual factors. Fiske (1990: 109) defines distancing as “changing a unit in the system and assessing the change in meaning, if any, that has occurred.” Distancing allows the analyst to ask whether there are competing discourses to those of the central character. The distancing technique chosen in this study is identification of the central character in the interview extract, followed by substitution of other characters and identification of any changes of meaning. Contextual factors that might bear on interviewees’ statements are institutional structures, resources available to interviewees, interviewees’ “extracurricular” activities, and aspects of the research setting.

The next two sections present the empirical material according to communications issued by nonstate actors and regulators, respectively.

### 3 Environmental narratives issued by nonstate actors

The interview extracts presented in this and the next sections are anonymized following the requests of the interviewees. The following identification codes appear after each extract as relevant: pm=portfolio manager; fi=fiduciary trustee or investment scheme director; ss=“sell-side” information provider; ih=“in-house” advisor employed by a financial institution; pe=private equity investor.

This section examines interviewees’ statements concerning their understandings and constructions of what we will call environmental narratives. This material is descriptive of major listed companies’ pollutant levels, environmental management programs, and their exposures to environmental regulation. Invariably, this material exhorts its target audience (financial institutions) to make lending and investing decisions according to companies’ assessed “environmental performance” levels.

The literature expects financial institutions to relegate environmental narratives behind traditional financial information such as profits, net assets, and cash flows (Hirshleifer and Hong Teoh 2003). In that respect, the observed readings of environmental narratives are unexpected. All three of Stuart Hall’s reading positions are occupied, where it was expected that participants would all occupy the oppositional position. The extract below, drawn from an interview with a director of the research department in a US mutual funds group, illustrates a confirmatory reading position.

[Extract 1] *There are many more forms of risk [for companies] associated with the environment than litigation risk. It's nice if a company has something contextual to say about its operations, physical, and brand-name risks associated with climate change.* (D-ih)

The absence of explicit evaluation of environmental narratives (in extract 1 above, referring to narratives issued by companies and also by associations such as the Carbon Disclosure Project) indicates an open position. On probing, “nice” translates to a confirmatory position but also to her organization’s limited use of environmental narratives.

In addition to the three observed unitary reading positions, several ambiguous positions are identified. For convenience, these are labeled “substituted positions” and “dual positions.” A substituted position is suggested by an interview extract that indicates a movement from one particular reading position to another. A dual position occupies two categories.

The following extract, supplied by an Australian trustee director of a group of public-sector pension schemes, constitutes a substituted reading position.

[Extract 2] *The Carbon Disclosure Project is more advanced [than other sources of environmental narratives] but is not usable. The data normalization process is problematic. Then there are barriers in the consolidation reporting approach which come from problems in how to treat supply chains.* (J-fi)

The positive and negative connotations in the initial sentence of extract 2 above suggest a conflicted meaning. The conjunctive adverb (“then”) beginning the final sentence connotes the perceived persistence of a problem. Antagonistic synonyms (“problematic, barriers, problems”) imply an expectation that environmental narratives have use-value. These aspects suggest an initial confirmatory position, immediately modified by a negotiated position.

Some substituted positions coincide with interviewees’ occupational roles. One interviewee related that he had gone on several “missions to Brussels” (in point, the offices of the European Environment Directorate-General) in an attempt to convince regulators to mandate environmental information disclosures that would “make sense” to investors. The interviewee related that this activity had been performed in the capacity of his role as unpaid chair of a certain investor group interested in climate-change issues. His concurrent senior salaried role in a European public-sector pension scheme may have motivated him to frame the “Environment” in economic terms. The dual roles presented, he admitted, a particular problem for reconciliation. His solution was to frame the

“*whole environmental agenda*” through a fiduciary lens. The comments in this paragraph (designated collectively as [Extract 3], X-ih) suggest the same substituted position as above: a confirmatory position (re the pro bono role) that shifts to a negotiated position (re the salaried role).

A similar cognitive movement appears from speakers in other occupational contexts. The next extract, from a representative of a professional society, indicates a confirmatory position regarding the use-value of environmental narratives, resolving in a negotiated position with respect to the expressed intentions of his members.

[Extract 4] *Carbon reporting is used only for the corporate governance angle. It's useful for proxy voting ... We are not willing to negotiate on these issues until such time as it is clear they are material to the interests of our members* (C-ih)

A substituted position in a different direction (from oppositional to negotiated) appears in the next extract.

[Extract 5] *If a company provides a carbon intensity figure we would have to reverse-engineer it into the financial statements. It would help if there were a standard financial measure used so we could compare a company to its peers.* (F-ih)

Extract 5 above, supplied by an analyst employed by a US public-sector pension scheme, gives that because environmental narratives are not standardized in the sense of informational items in financial statements, they do not informational value. The extract concludes that if “standardization” were to occur, the narratives might be found of value.

Like extract 5 above, an oppositional to negotiated movement is observed in the following extract.

[Extract 6] *Reporting does not influence investment decisions in and of itself. Companies are generally careful to ensure that material price implications that may be reflected in their disclosures are addressed before they are disclosed. This will change only once there is a price on carbon.* (D-fi)

In extract 6 above, environmental narratives are found wanting in terms of the customary rationalities of investment management. A certain modification becomes a condition of acceptance (“*only once there is a price on carbon*”).

The same speaker related that he had lobbied regulators on “*that single issue*” (the usefulness of information), opining that “*the most critical policy in Australia is a price on carbon emissions*” and that “*the soft stuff that has come out is not going to change until we get that*” (collectively, [Extract 7], D-fi). These comments, again, describe an oppositional to negotiated movement.

#### *Observed substituted reading positions*

Confirmatory → negotiated

Oppositional → negotiated

The semantic field (Lakoff 2010) of “Usefulness” is pivotal in the substituted reading positions identified above. All but three interviewees had collected environmental narratives for some years, yet none had used them for any practical purpose. One interviewee, the head of the environmental research department of an asset management company in London’s financial district, related that she was not in the practice of reading environmental narratives as they information they contained was “*soft*” (the term also appears in extract 7 above). Useful information was that which could be used to identify exploitable economic “*opportunities*.” This attitude, held widely in the sample, did not prevent participants in this study from *collecting* environmental narratives, ready for the day that they might be used. Extract 8 below, supplied by a senior investment officer of the largest occupational public-sector pension scheme in the US, illustrates this “wait-and-see” attitude.

[Extract 8] *It’s important not to go too fast on this issue but to take each step persistently. We’ve just announced our decision to integrate ESG [the acronym is widely used in the financial markets to denote “environmental, social, and governance” considerations] into everything we do.* (AD-pm)

## 4 Regulators’ communications

Interviewees were asked to discuss material issued by environmental regulators in the US, Europe, and elsewhere between 2002 and 2010, a volatile period in environmental politics. This material discusses – invariably in a hortatory style – existing and presaged measures such as emissions permits trading mechanisms, accounting measurement of emissions volumes, emissions taxes, and energy-usage subsidies. As expected, the interview extracts in this category are strongly rhetorical, most promoting positive self-

definitions. Unexpectedly, however, the analysis identifies a complex set of reading positions.

A typical negative connotation in respect of environmental regulation is that “governments” had “got it wrong.” The following extract is indicative.

[Extract 9] *This [that the generation of industrial pollutants is currently uncosted] is a market failure and that governments haven't corrected it themselves through primary legislation is a profoundly sad indictment of the policy environment. We have set out what the markets need in detail. We have sent in what is wrong with the carbon markets. Policy-wise, we have set out the things we would like to see changed and then, from a global perspective, we have stated the kind of deal that we need. In short, it needs to be global; there needs to be a carbon market; it needs to be fungible; and the U.N. must realize that it is not communicating to the financial markets. (Z-ih)*

Negative allusions and lexical repetition in extract 9 (“*what is wrong with the carbon markets, market failure, carbon market, financial markets*”) suggest that financialization and sustainable development are the speaker’s dominant rationalities.<sup>2</sup> Negative allusions to a problem (“*profoundly sad indictment*”) are rhetorically paired with a solution in the form of financial institutions. The legitimacy of that pairing is emphasized using lexical repetition and anaphora (“*we have set out, we have sent in, we have set out, we have stated*”) followed by “*it needs to be, there needs to be, it needs to be*”). These aspects are sufficient to characterize extract 9 as a substituted reading position (moving from negotiated to oppositional).

Three dual positions are observed with respect to regulators’ communications. The following extract provides a confirmatory position in respect of the potential economic benefits of environmental regulation and a negotiated position in respect of the outcomes observed to date.

[Extract 10] *Governments need to provide the right kind of subsidies so that investors – meaning long-term investors – will bring their acts and their money to the table. (N-ih)*

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<sup>2</sup> At the time of interview, the interviewee supplying extract 9 held an advisory position in a British insurance company and a pro-bono membership of the Aldersgate Group, a potentially influential lobby group of financial institutions, industrial companies, and parliamentarians that has set out to influence the passage of environmental regulation in England. The references to “we” in extract 9 are, on enquiry, references to the activity of the Aldersgate Group.

The periphrastic adjective “*right kind*” in extract 10 above connotes that the speaker (a senior executive of a Scandinavian insurance company) endorses revenue-creating measures but not cost-creating measures. The double metaphor (“*bring their acts and their money to the table*”) refers to the bargaining table of environmental regulation and, perhaps, to the similarity that investing has with card games.

Another observed position is both confirmatory and oppositional.

[Extract 11] *Will America make the same mistakes as Europe has with cap-and-trade markets? Cap-and-trade to my mind has been an abject failure so far – the carbon price is too low. Whether it’s actually achieved any carbon reduction is very debatable.* (X-ih)

In extract 11 above, financialization and ecological modernization are endorsed in the comments “*the carbon price is too low*” and “*Whether it’s actually achieved any carbon reduction,*” respectively. An oppositional stance with respect to regulators’ communications is indicated by modified clauses (“*same mistakes, abject failure, too low, very debatable*”).

Three interviewees, without prompting by the researcher, suggested how regulators’ communications might further their interests. The following extract provides one set of suggestions.

[Extract 12] *Just from an investment perspective, all we need is certainty. That’s all legislators need to do – provide us with certainty of legislation. But for as long as you don’t know what the price of carbon is, for as long as you don’t know what the legislation will be, for as long as you don’t know what disclosure is going to be, absolutely nothing’s going to happen. Policy makers have done nothing that we can use. We should be buying and selling the companies that stand to win and lose from policy measures. We cannot, because we don’t know who will win or lose. If we don’t know what the cost of carbon is, then we don’t know which companies are active in environmental management, because they don’t tell us.* (N-ih)

The plural pronoun in extract 12 above sets up an us-and-them division. Anaphoric repetition (“*for as long as you don’t know*” appears three times) frames a challenge and an ultimatum (“*absolutely nothing’s going to happen*”). Another set of anaphora (“*we don’t know who, we don’t know what, we don’t know which*”) suggests a dismissive reading position. Accordingly, extract 12 is characterized as a dual negotiated and oppositional position.

*Observed dual reading positions*

Confirmatory &amp; negotiated

Confirmatory &amp; oppositional

Negotiated &amp; oppositional

The range and complexity of the identified reading positions above warrant a summary.

The relevant extracts fall into two groups. One group, which might be called “passive,” finds environmental regulators’ communications relevant in so far as they indicate broad economic trends. The other group, which might be labeled “activist,” seeks to modify environmental regulators’ communications such that they would match the purposes of financial institutions.

For “passive” readers, the institution of the index – what might be called a conformance rationality – serves to bracket environmental issues along with broad, macroeconomic issues considered as a matter of course in the portfolio construction process. The following extract, supplied by a director of an information research department of a North American funds management group, illustrates the “passive” group.

[Extract 13] *Climate investing is more likely to be about single companies rather than across sectors. The sector view is shaped by reading the tea leaves on the macro view of the economy. After forming a sector view, we decide whether we are underweight or overweight.* (D-ih)

The “*underweight or overweight*” phrase in extract 13 above suggests the salience of a conformance rationality in passive-styled, index-tracking portfolio investors (the majority of the sample).

In contrast, “activist” readers seek to shape environmental regulation (and also companies’ responses to environmental regulation) such that financial institutions benefit economically (refer to extract 12 above, “*We should be buying and selling the companies that stand to win and lose from policy measures.*”).

It is noted that institutional influences are relevant across both groups. A penultimate extract illustrates.

[Extract 14] *Carbon trading is just a thing that’s out there – we’ll have a look at it when we have to. When this came up in open discussion this morning with our wider investment group, we told them we’re having a look at it. The instant response was “That’s five years.” Now in any normal client mandate, a comment “That’s five years” means “That doesn’t exist, it doesn’t matter, that’s five years.”* (N-ih)

The interviewee giving extract 14 above, who at the time worked as a sustainability advisor at a British insurer, explained that “*five years*” is a term used widely in the financial community to refer to irrelevant information. In the usual course of business, events expected outside the scope of a five-year horizon, such as those typically heralded in environmental regulators’ communications, would not reach the desks of the investment team. In the words of another interviewee, “*It’s difficult to break the investment bank mould*” (Y-ss) [Extract 15].

## 5 Concluding remarks

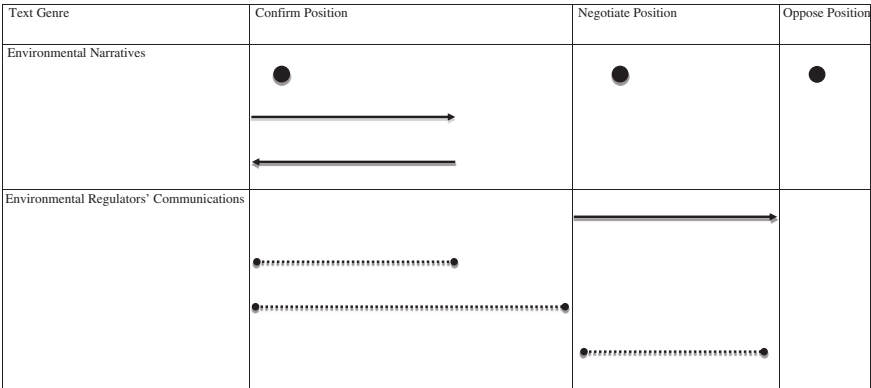
Three observed rationalities of the participants in this study deserve mention. First, an “opportunism” rationality describes a strategy to take cash windfalls where available. Portfolio-holding financial institutions in the business of supplying cash payments to members and policyholders can be expected to treat liquidity preservation as a central rationality. Second, a “fiduciary obligation” rationality refers to the legal responsibilities of persons responsible for investment schemes to pursue only those opportunities expected to “maximize” the economic interests of scheme members. In point, participants in this study feared that because capital markets are not concerned primarily with environmental considerations but with economic considerations, that having concern for the former *may be seen* as potentially compromising clients’ interests. Third, a “conformance” rationality refers to a conservative management approach whereby the financial assets held in the portfolio are made to conform to the composition of major equity and bond securities exchanges. Risk-sensitive financial institutions tend to make decisions in a self-referential fashion, surround themselves with close networks of analysts and advisors (Roberts et al. 2006) and, generally, are careful not to be seen as mavericks. These rationalities, we claim, contributed to the cognitive frames through which participants in the study interpreted environmental regulation and environmental narratives.

Figure 1 below provides a visual summary of the empirical outcomes discussed in the two sections above.

Unitary reading positions (shown in Figure 1 below as free circles) represent a minority (five interview extracts) and emerge only in the category of environmental narratives. The majority of the interview extracts exhibit relatively more ambiguous reading positions.

The two substituted reading positions in the environmental narratives category (confirm→negotiate; oppose→negotiate) suggest a cognitive process in readers that oscillates between rejection and endorsement. The observed





**Figure 1:** Identified reading positions. Free circles depict unitary reading positions corresponding to the categories shown. Solid directional lines depict “substituted” reading positions. Dotted double-stopped lines depict “dual” reading positions.

indeterminacy might be associated with our observation that although all participants had collected environmental narratives, none had found a use for them. To explain further, we would mention once more the commonplace rationalities of financial investing. The participants in this study approved of financialization, eco-modernization, and sustainable development where it was recognized in environmental narratives. This approval did not lead, however, to wholesale endorsement of the “code” of environmental narratives.

Two further rationalities that this group of readers requires are absent from environmental narratives. We might label these two (absent) rationalities as “opportunism” (desire to take cash windfalls where available) and “fiduciary obligation” (translating as routine priority given to economic considerations). We suggest, accordingly, that these lacunae contextualize the “wait-and-see” attitude inferred from the substituted reading positions.

Turning now to the pronouncements of environmental regulators, the only substituted position identified is “negotiate→oppose,” which we explain as a product of readers’ frustrated search for economic opportunities in this type of hortatory text. Figure 1 denotes dual reading positions as double-stopped dotted lines. Three dual positions are observed (“confirm” and “negotiate”; “confirm” and “oppose”; and “negotiate” and “oppose”). It might be expected that mutual concern for environmental issues and economic interests would present difficulties for financial institutions. In that regard, it is not so surprising to observe cognitive dualities. The dual reading positions echo a tension noted in some of the interview extracts between an “other-directedness,” something akin to

altruism or religious fervor, the legitimacy of which is more often in doubt, and a more narrow regard for economic considerations, the legitimacy of which is never in much doubt.

It is noted that none of the interview extracts contain mention of the “precautionary principle” that marks early pronouncements such as 1992’s Rio Declaration on Environment and Development. In terms of typical capital market rationalities, the precautionary principle would justify a financial institution having regard to costly pollution mitigation measures in order to stem greater costs in the future. The outcomes of the present study are suggestive, however, that the financial community has not framed “the Environment” using a precautionary logic. The interview extracts are marked, rather, by rationalities that can be associated with economic opportunism.

This article has finessed Stuart Hall’s reading positioning scheme to include less determinative positions lying between and astride the “accept,” “negotiate,” and “reject” reading positions. The wide range of constructions from a relatively homogenous group of participants is unexpected in terms of conventional finance theory and, generally, is supportive of a social semiotics approach. The empirical observations presented above suggest that reading positions are properly characterized as dynamic, particularly in situations where texts exhort readers to endorse specific ideological codes. In that respect, the outcomes of this study suggest that reading theories point to complex phenomena deserving of further research. In point, the depth of insights obtainable with the framework suggests its wider use in discourses where the institutional status of reader groups is important.

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